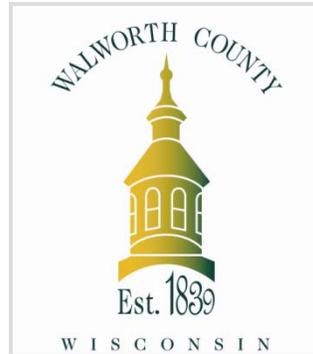

WALWORTH COUNTY, WISCONSIN

QUARTERLY INVESTMENT REPORT

June 30, 2012



**WALWORTH COUNTY FINANCE OFFICE
100 W. WALWORTH STREET
ELKHORN, WI 53121**

<http://www.co.walworth.wi.us/Government%20Center/Finance/Investments/InvestmentHomePage.aspx>

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EXECUTIVE SUMMARY

The County's total investment portfolio shall be defined as all county cash and investments not reserved in a separately maintained account for a specific purpose. Funds are valued in this report at bank statement value as of the date specified. Accounts not included in the total investment portfolio are restricted by a third party.

The key objectives in managing the County's total investment portfolio are to provide safety of principal, to ensure liquidity to meet operating requirements, to generate a market rate of return ("Yield") on the investments, and to manage the portfolio within applicable laws. Cash flow projections match revenues with expenditures to ensure prudent investment principles to enable the County to soundly meet its financial obligations. The Investment Portfolio shall be structured in relation to prevailing budgetary and economic environments, taking into account the County's investment risk constraints and cash flow characteristics.

- Walworth County's investment portfolio is currently in compliance with Wisconsin statutes, the Walworth County Code of Ordinances and the County's Administrative Procedures Manual.
- Walworth County's investment portfolio has been maintained to provide safety of investments and cash flow needs. Investments are diversified into different investment vehicles to provide safety. In addition, all securities held are either backed by the U.S. Government or meet minimum ratings set by specified agencies.
- The Local Government Investment Pool (LGIP) yields continue to remain low. Rates have been under 0.25% since November, 2009. The annualized LGIP rate has a current average of 0.14%.
- Current collateralized money market yields are as follows Mid-America 0.65%, Associated 0.25%, and Chase 0.15%. The money markets provide the County with liquidity and offer a higher yield in some cases than a one year treasury currently yielding 0.21%.
- The unrelenting weakened economy, expansionary monetary policy, and uncertainty in Europe continue to depress interest rates. The 2012 non-departmental annual budget is currently \$500,000 reflecting the continual decline in reinvestment yield expectations, even in comparison to last year's actual return of \$616,500. The overall investment yield on the County's portfolio has dropped by over 20% from 0.84% after the second quarter in 2011 to 0.65% after the second quarter in 2012. Investments made prior to the current environment are maturing, with less attractive rates available for reinvestment.
- The investment portfolio with M&I Trust remains at \$5 million, yielding 0.75% annually (not including market adjustments). Portfolio duration is currently 2.57 years to maturity, and contains \$3.4 million in agency securities and \$1.8 million in treasury notes. M&I Bank, M&I Trust, M&I Capital Markets, and BMO Harris Bank, N.A. will operate under a new combined brand, BMO Private Bank, as of September 1, 2012.
- The brokered portfolio held at Pershing is at \$23.3 million, yielding 1.13% (not including market adjustments) annually which includes \$17.5 million in agency securities and \$5.7 million in municipal debt. Portfolio duration is currently 1.74 years to maturity.
- The Finance department continues to follow economic news and seek input from brokers and advisors on near and long-term investment yield potential. Currently all feedback received states that rates are expected to remain low for the next 2 years, with the potential that the Federal Reserve will extend this horizon.

INVESTMENT OVERVIEW AND OBJECTIVES

As is mentioned above, the main objectives in managing the County's total investment portfolio are to provide safety of principal, to ensure liquidity to meet operating requirements, to generate a market rate of return ("Yield") on the investments, and to manage the portfolio with applicable laws. The County's total investment portfolio is currently comprised of the following types of investments:

LOCAL GOVERNMENT INVESTMENT POOL – The primary objective of the LGIP is to provide for the prudent management of public funds on behalf of the local government investor. The investment strategy of this fund is prioritized as: safety of the principal, liquidity, and the rate of return. The funds in LGIP may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities, and Repurchase Agreements (Repo) secured by the U.S. Government. LGIP does not insure its Commercial Paper.

CERTIFICATES OF DEPOSIT – Certificates of deposit and other evidences of deposits from county board approved financial institutions which are authorized to transact business in the state, which time deposits mature in not more than three years.

THE CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SERVICES, (CDARS) – Financial institutions can offer CDARS because they are members of a special network. When a large deposit is placed with a network member, that institution uses CDARS to place the funds into certificates of deposit issued by banks in the network. This occurs in increments of less than the standard FDIC insurance maximum to ensure that both principal and interest are eligible for full FDIC insurance.

With the help of a sophisticated matching system, network members exchange funds. This exchange occurs on a dollar-for-dollar basis, so that the equivalent of the original deposit comes back to the respective institution and effectively stays local (meaning the full amount can support lending initiatives that build a stronger local community). The full amount of the original deposit becomes eligible for complete FDIC protection, and the institution receives just one regular statement detailing all your holdings.

U.S. GOVERNMENT/TREASURY SECURITIES – Obligations of the United States of America, its agencies and instrumentalities, provided payment of the principal and interest is fully guaranteed by the issuer.

MUNICIPAL DEBT—instruments of any county, city, drainage district, vocational college, village, town or school district of the State of Wisconsin.

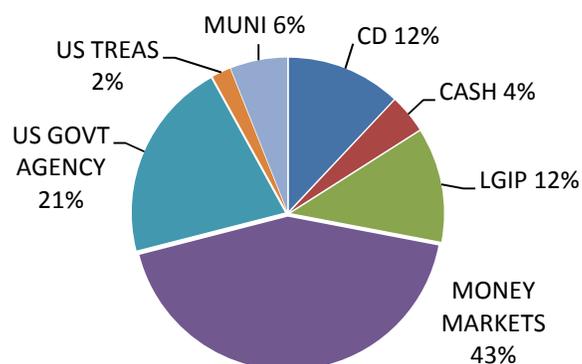
PUBLIC FUNDS MONEY MARKET ACCOUNT – The County has approved by resolution Public Funds money markets that are secured by collateral. These investments are used to provide short-term diversification and increase the current yields.

REQUIREMENTS AND COMPLIANCE

ITEM	DESCRIPTION OF REQUIREMENT	ACTUAL PORTFOLIO
Credit Risk:		
Collateral Policy	Investments other than U.S. Treasury backed securities or investments not under FDIC or WI guarantee shall be collateralized for a minimum of 102-110% of the deposits.	Current financial institutions comply
Security Diversification	No single agency shall hold more than 50% of the core portfolio, currently \$24,827,500.	Current investment holdings comply
Financial Institutions Limits	Investments held at any one institution shall be limited to 50% of the core portfolio, currently \$24,827,500.	All institutions comply
Debt Limits	Government debt held with any one entity shall be limited to \$3 million.	All institutions comply
Liquidity Risk	Liquid cash shall be maintained at \$10 million and available with 1 day notice.	\$ 49.0 million or 51%
Reinvestment Risk	Callable securities shall not exceed 50% of agency securities held.	\$ 7.1 million or 34%
Market Risk:		
Maturity Restrictions	Investments greater than 3 months and less than 1 year shall not exceed 95% of portfolio.	\$ 14.4 million or 15%
	Investments greater than 1 year and less than 5 years shall not exceed 50% of portfolio.	\$ 21.9 million or 23%

INVESTMENT CATEGORY	MAXIMUM MATURITY	AUTHORIZED LIMIT	ACTUAL PORTFOLIO
Certificates of Deposit	3 years	50%	12%
Operating Cash	N/A	N/A	4%
LGIP	N/A	\$5 million min/75% max	12%
Money Markets	N/A	95%	43%
U.S. Agency Securities	5 years	75%	21%
U.S. Treasury Securities	5 years	75%	2%
Municipal Debt	5 years	25%	6%

INVESTMENT TYPE	MARKET VALUE
Certificates of Deposit	\$ 11,254,000
Cash - Depository Bank	3,934,000
LGIP	11,285,000
Money Markets	41,929,000
Portfolio Money Markets	37,000
U.S. Gov. Agency Securities	20,910,000
U.S. Treasury Securities	1,757,000
Municipal Debt	5,748,000
Total	\$ 96,854,000



BUDGET PERFORMANCE

The first table below shows the actual and budgeted interest earned during the second quarter for 2012 by investment type. The second table below shows the actual and budgeted interest earned for the second quarter of 2012 by account. The interest shown is on the county’s total cash and investment portfolio. All accounts receive interest income based on the LGIP interest rate or actual interest earned.

INVESTMENT TYPE	INTEREST EARNED	SECOND QTR 2012 BUDGET
Certificate of Deposit	\$ 78,118	\$ 67,500
U.S. Treasury/Govt. Agency	151,363	137,500
Local Gov Inv Pool (LGIP)	7,228	6,500
Depository Bank (Sweep)	1,738	1,605
Money Markets	62,128	48,800
Other Accounts Allocated Interest	(24,186)	(11,905)
TOTAL NON-DEPT	\$ 276,389	\$ 250,000
YTD Unrealized Gain/(Loss)*	18,156	N/A

*Per County ordinance, this market adjustment will add/subtract from the County’s committed fund balance amount available for these temporary gains/losses and will not directly offset the investment income budget. Current available funds in the committed fund balance account are \$1,182,591.

ACCOUNT NAME	INTEREST EARNED	SECOND QTR 2012 BUDGET
Non-Department	\$ 276,389	\$ 250,000
Children with Disabilities Ed Bd	6,812	3,030
DPW Buildings Reserve	187	100
DPW Equipment Reserve	1,421	625
Health Insurance	10,778	6,000
Dental Insurance	353	200
Workers Compensation	1,753	1,150
Risk Management	2,882	800
TOTAL PORTFOLIO	\$ 300,575	\$ 261,905
Budget to Actual Variance		38,671

- The original annual non-departmental budget is \$500,000, and returns during the second quarter are meeting expectations.
- By diversifying into other investment vehicles, we have been able to increase the County’s yields by about four times the LGIP benchmark. If the entire portfolio was invested at the benchmark rate, the forecasted interest through the second quarter of 2012 would have approximated \$67,417.
- Certificates of deposit currently held at the end of the second quarter have an average return of 0.90%.
- Securities held at the end of the second quarter yield to maturity at cost is 1.16% for our brokered securities and 0.76% at M&I Trust, net investment fees.

INVESTMENT BENCHMARKS

Overall Investment Portfolio Benchmark

The County has selected the Local Government Investment Pool rate as the benchmark for achievement for the investment portfolio. The following yields are as of June 30, 2012. The interest income amount does not include unrealized gains or losses.

Investment Portfolio	Benchmark (LGIP)	Actual
Current Holdings – Yield to Maturity at Cost	0.16%	0.58%
Year to Date Interest Income	\$ 67,417	\$ 300,575
2nd Quarter Average Return at Cost	0.04%	0.16%
Rolling 1 Year Average Return at Cost	0.14%	0.65%

The results show that the County is currently exceeding expectations in comparison to the benchmark. The County expects interest rates to continue to remain low into the next year. The change in strategy to include more diversity of investment types and maturity lengths has proven an increased yield compared to the benchmark.

M&I Benchmark

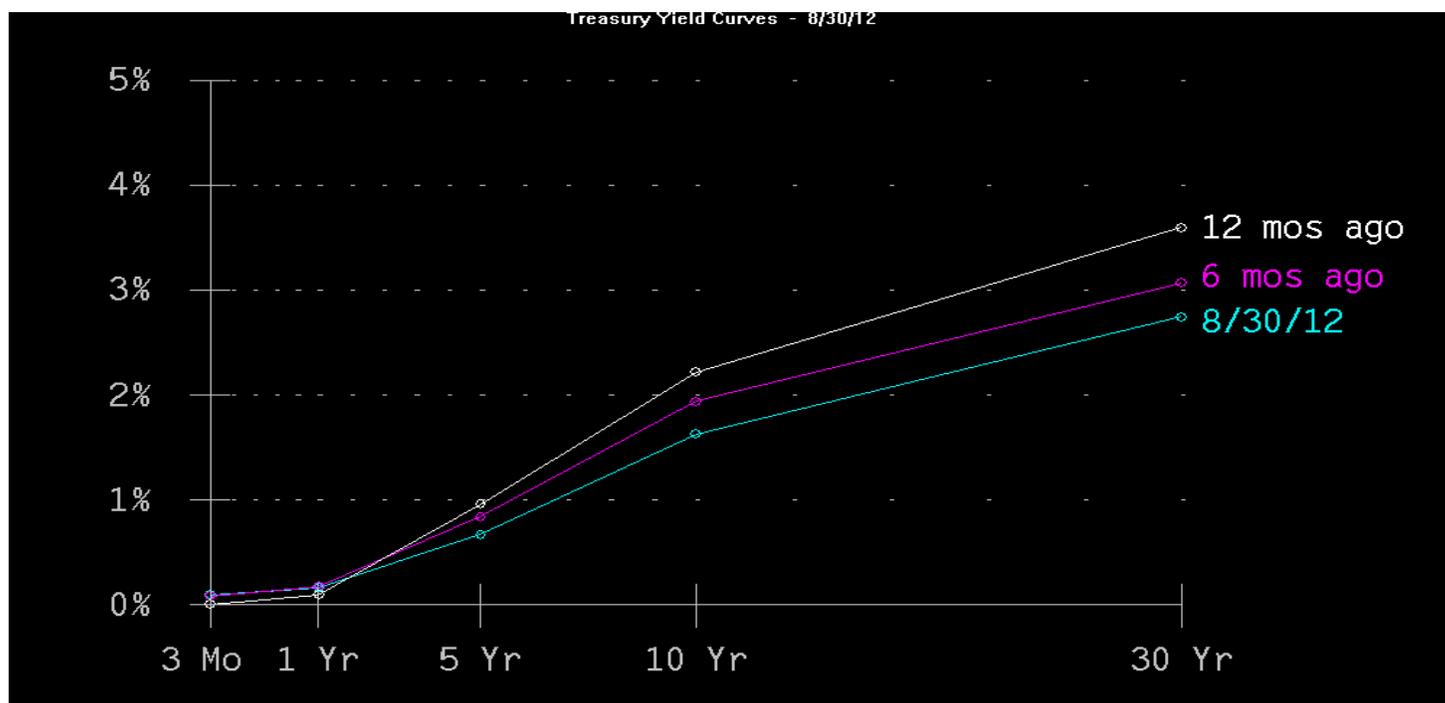
To review the performance of the M&I Short-term Portfolio, the Barclay Government 1-3 year index has been chosen. The investments within the index included US Treasury and Agency securities, which the M&I Short-term Portfolio holdings allow by the County's investment policy. The following shows the comparison of the M&I Short-term Portfolio to the benchmark selected, net of investments.

Time Period	Benchmark*	Actual*
2011		
3 rd Quarter	0.47%	0.58%
4 th Quarter	0.21%	0.28%
2012		
1 st Quarter	-0.02%	0.15%
2 nd Quarter	0.20%	0.20%

***Note:** Yields shown include unrealized gains or losses on securities which are usually not sold prior to maturity or estimated life of the security. See the U.S Government Agency/Treasury Securities Overview section on page 10 for actual return on investment.

M&I PORTFOLIO ADVISOR RESPONSE IN RELATION TO BENCHMARK

“Through 6-30 the portfolio return year-to-date was 0.64% net-of-fees versus the return of the Barclays 1-3 Yr. Gov't index at 0.18%. A portion of this relative performance difference is due to differences in the composition of the portfolio versus the index with regard to maturity. The index caps out at 3 years, whereas the portfolio can and does invest out to 5 years. This implies two things which are illustrated in the chart below:

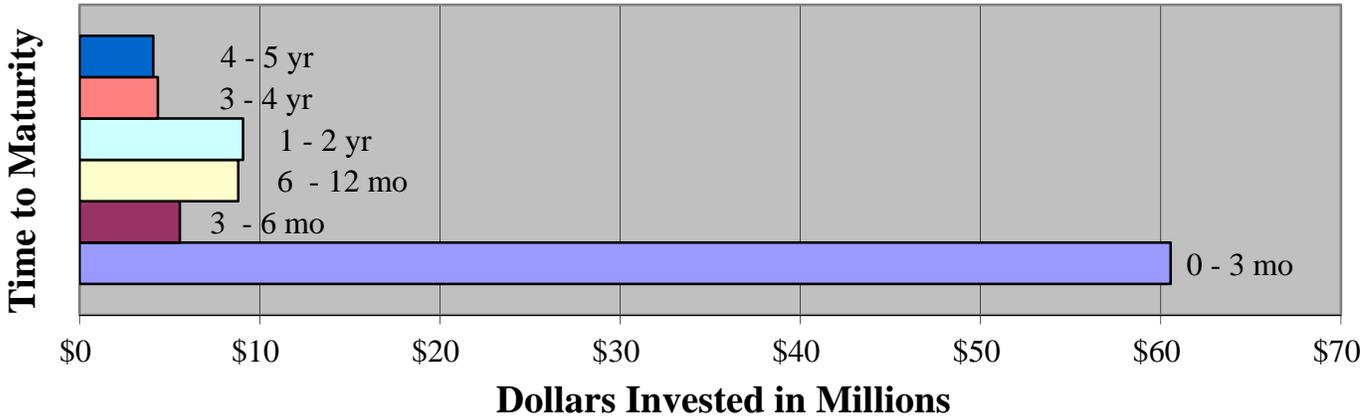


First, with the steepness of the yield curve, the longer maturity bonds we own carry a higher yield, thus providing some premium in return versus the index. Second, as the yield curve has generally declined (i.e. rates have gotten a bit lower) over the past 6 to twelve months, we have seen a bit of additional appreciation in value relative to the benchmark.

Through July 31, we have seen additional gains in the bond market, such that the year-to-date return now stands at 0.97%. Overall portfolio composition has not changed materially. We remain invested approximately 2/3 in Federal Agency securities and 1/3 in U.S. Treasuries. We consider Treasuries an overvalued asset class at this time; thus, as maturities occur, we will continue to shift any Treasuries maturing into additional Agencies. This will continue for the foreseeable future. Furthermore, given the very low yields on one and two year securities, we anticipate continuing to purchase bonds in the three to five year time horizon. We remain relatively unconcerned about the potential for rising interest rates as recent economic weakness in the United States (and, indeed, globally) make it likely that relative rate stability will continue at least for the next several years. The current yield of the portfolio on a gross basis stands at 1.35% and the average maturity is 2.88 years (versus 2.49 years a few months ago).” - John Benjamin, M&I Wealth Management, August 31, 2012

TOTAL PORTFOLIO OVERVIEW

Total Investments by Maturity



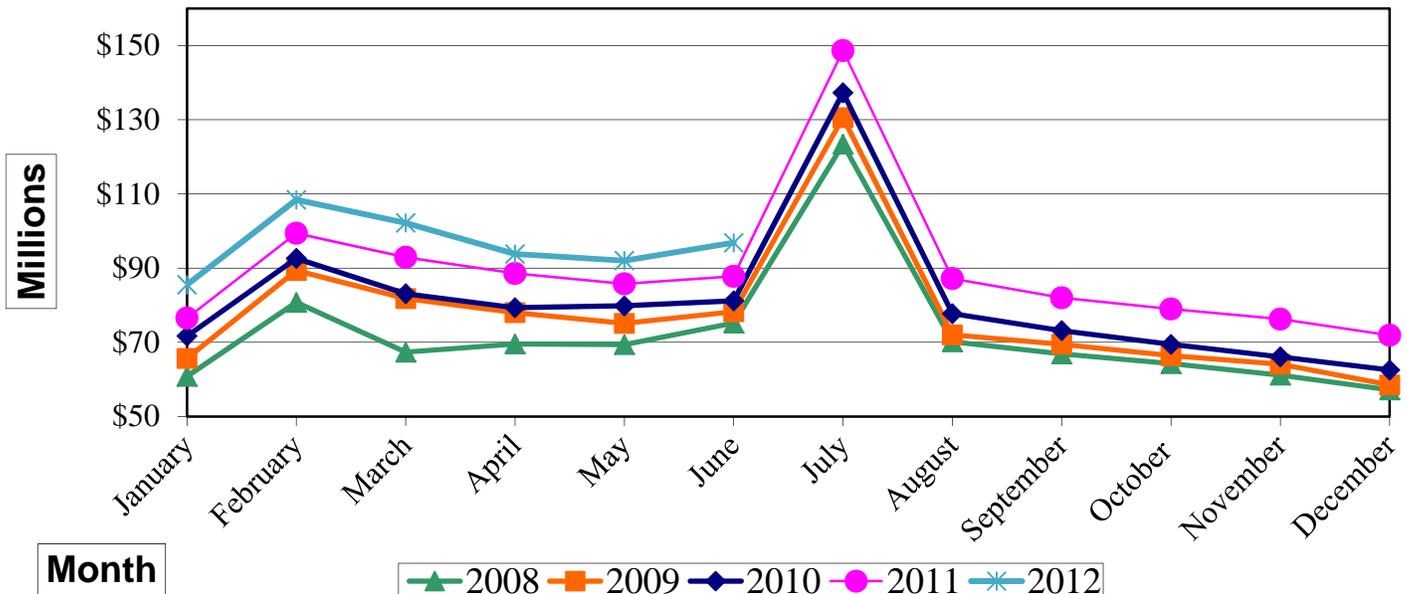
TOTAL PORTFOLIO OVERVIEW – HISTORICAL BALANCES

The following chart shows the historic cash balances of the County portfolio (excluding restricted accounts) with a one year average and 3 year average cumulative cash balance based on monthly balances.

Average Balance	2010	2011	2012
Cash (1 year)	\$81,165,000	\$89,666,000	\$93,650,000
Cumulative Cash (3 year)	\$76,925,000	\$82,757,000	\$85,829,000

CASH FLOW HISTORY

Walworth County Cash and Investment Balance



LOCAL GOVERNMENT INVESTMENT POOL (LGIP) OVERVIEW**Overview of Fund**

The Wisconsin Local Government Investment Pool (LGIP) was created in 1975 to give local governments the opportunity to combine their idle cash to make short-term investments equal to those afforded to state government or large local governments. The LGIP has been designed to consistently maintain the integrity of local funds within a diversified and safe portfolio, provide liquidity, and offer rates of return competitive with comparable investments. The funds from the LGIP are combined with the cash balances of the State of Wisconsin and its agencies, the excess cash of the retirement funds invested by the State of Wisconsin Investment Board (SWIB) and managed as one fund called the State Investment Fund (SIF).

Investment Objectives

The primary objective of the LGIP is to provide for the prudent management of public funds on behalf of the local government investor. The strategy for meeting this objective is to apply the prudent investor standard and insure that the investment of pool assets is prioritized as follows: safety of principal, liquidity, and rate of return.

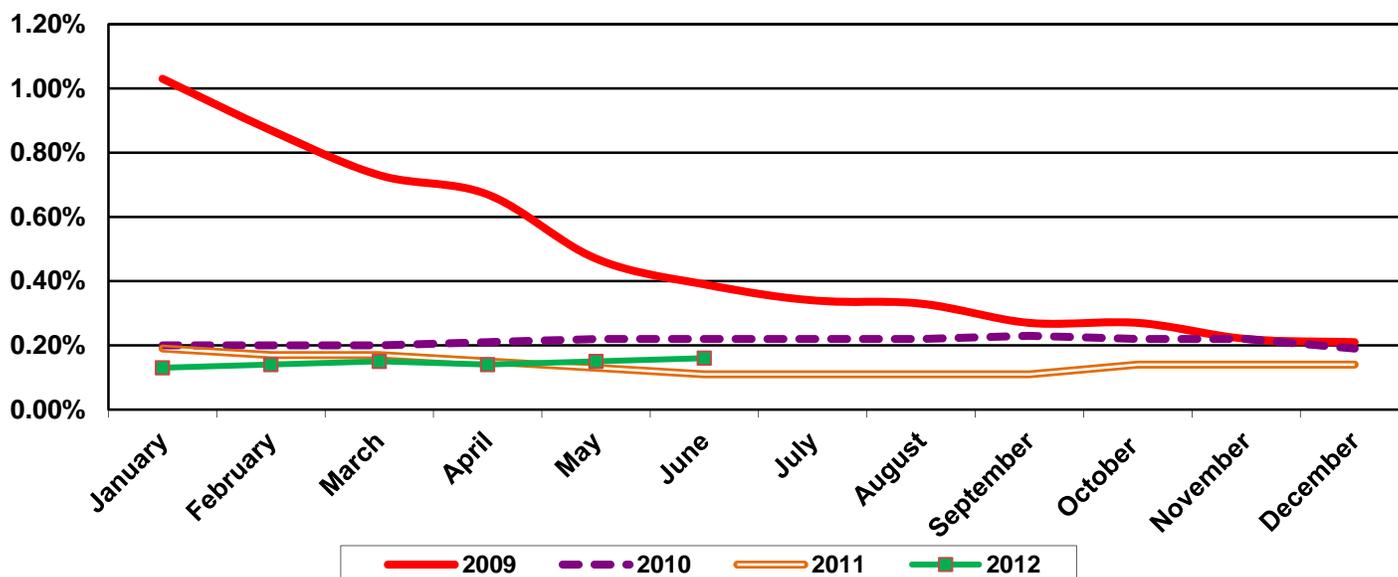
Liquidity Considerations

The investment portfolio needs to remain liquid to meet the daily operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

Walworth County expends approximately \$10 million per month. In order to keep cash in our checking account low and still pay bills on time, the County maintains a cash balance with the LGIP as it offers same day liquidity. Over the past twelve months, the LGIP balance has averaged \$12.3 million. The County's cash flow spikes in February and July occur as a result of temporary investment of property tax receipts. These receipts may be reinvested into securities when interest rates allow for a better return than LGIP.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP*) OVERVIEW (Continued)

LGIP Monthly Interest Rates



MONEY MARKET OVERVIEW

Money markets allow for liquid investments similar to the local government investment pool that may be drawn upon with less than one week advance notice. Open money markets are restricted to investments within the Wisconsin Statutes Section 66.063(1m) and limited to an average maturity of one hundred twenty days or less. The County also allows for collateralized public investment money markets with allowable investment types. The following is a summary of the current investment portfolios and money market accounts.

Financial Institution/Manager	Type of Account	Current Rate	Amount
Mid America	Collateralized Money Market	0.65%	\$ 8,204,162
JPMorgan Chase Bank	Collateralized Money Market	0.15%	16,571,313
Associated Bank	Collateralized Money Market	0.25%	17,153,675
M&I Portfolio Money Market	Government Money Market	0.01%	36,718
Total Money Market		0.29%	\$41,965,868

Mid America Money Market

Rates are established by Mid America Bank at the end of each month based on the LGIP rate. Mid America has guaranteed to be at least 0.50% higher than the LGIP rate. These funds are collateralized and available with one week notice.

JP Morgan and Associated Bank Money Markets

Rates are established by each bank and are reviewed and adjusted based on the market, with the intent to exceed the LGIP rate. Investment is collateralized at a cost included in the earned interest rate. These accounts can be withdrawn with one day's notice, up to 6 times per month.

CERTIFICATES OF DEPOSIT OVERVIEW

CERTIFICATES OF DEPOSIT are short or medium-term, interest-bearing, FDIC-insured debt instrument offered by banks and savings and loans. CDs offer higher rates of return than most comparable investments, in exchange for tying up invested money for the duration of the certificate's maturity. Money removed before maturity is subject to a penalty. CDs are low risk, low return investments, and are also known as "time deposits", because the account holder has agreed to keep the money in the account for a specified amount of time, anywhere from three months to three years.

Financial Institution	Purchase Date	Maturity Date	Amount	Rate %
Associated Bank	10/27/2011	10/25/2012	\$ 1,000,000	0.58%
Associated Bank	2/16/2012	2/14/2013	2,000,000	0.48%
Associated Bank	6/3/2011	7/3/2013	1,000,000	0.60%
Associated Bank	6/28/2012	6/27/2013	1,000,000	0.37%
Associated Bank	6/28/2012	6/27/2014	1,000,000	0.46%
Associated Bank	11/17/2011	11/13/2014	1,500,000	1.21%
Citizens Bank	12/7/2011	12/7/2013	225,000	1.06%
Citizens Bank	2/8/2012	2/8/2014	225,000	0.76%
Citizens Bank Mukwonago	8/5/2011	8/5/2013	225,000	1.30%
Citizens Bank Mukwonago	1/8/2012	1/8/2014	225,000	1.00%
Commercial Bank	11/12/2011	11/12/2012	225,000	0.65%
Community Bank of Delavan	8/10/2010	8/10/2012	500,000	1.55%
First Citizens State Bank	5/11/2011	8/11/2012	227,707	1.20%
First Citizens State Bank	10/23/2011	2/23/2013	225,000	1.05%
Mid America Bank	2/18/2010	2/14/2013	1,000,000	2.17%
Southern Lakes Credit Union	6/3/2010	12/3/2012	225,000	2.15%
Talmer Bank & Trust	1/9/2012	1/3/2013	225,000	0.55%
Walworth State Bank	6/2/2011	6/2/2013	226,584	0.70%
<i>Yield to Maturity at June 30, 2012</i>			\$ 11,254,291	0.90%

During the second quarter, certificates of deposit were purchased for \$2,003,000, and \$4,000,000 of certificates of deposit matured. The average duration of the certificates of deposit at June 30, 2012 is 1.04 years.

SECURITIES/DEBT PORTFOLIO OVERVIEW

U.S. Treasury Securities – such as bills, notes and bonds are debt obligations of the U.S. government. When you buy a treasury security, you are lending money to the federal government for a specific period of time. Because these debt obligations are backed by the “full faith and credit” of the government, they are considered the safest of all investments. The primary advantage of the Treasury securities is safety. In addition, Treasuries generally do not have a “call” provision.

U.S. Government Agency Securities are debt obligations issued by federal agencies or federally sponsored agencies. Federal agencies are direct arms of the U.S. government; federally sponsored agencies are privately owned and publicly chartered organizations which were created by acts of Congress to support a specific public purpose.

Government Debt Instruments of any county, city, drainage district, technical college district, village, town or school district of the State of Wisconsin, if the bond or security is rated in one of the two highest rating categories assigned by Standard and Poor’s Corporation, Moody’s Investors Service, Inc., or other nationally recognized rating agency.

Currently the County has agency securities and treasury notes with M&I Trust and agency, treasury, and debt instruments with Pershing. Please see Appendix B and C for individual holding details.

PORTFOLIO SUMMARY

Institution	Book Value	Market Value	Total Unrealized Gain/(Loss)	YTD Unrealized Gain/(Loss)	Yield to Maturity at Cost	Average Duration
M&I Portfolio	\$ 5,144,483	\$ 5,189,462	\$ 44,979	\$ 12,128	0.76%	2.57
Pershing Portfolio	23,216,307	23,262,518	46,211	6,028	1.16%	1.74
Total Securities	\$28,360,790	\$28,451,980	\$ 91,190	\$ 18,156		

General Investment Portfolio Information

The yield to maturity at cost and average duration are per the calculations computed in Tracker, our investment software, for the investments currently held.

M& I Trust Short Term Investment Portfolio

This portfolio was established on July 29, 2009, within the current ordinance guidelines for the purchase of agency and treasury securities at an average of 1 to 3 years maturity. M&I Trust, separate from M&I Bank, does not charge commission fees per trade transaction. The cost is 20 basis points annually with a minimum balance of \$5 million. During the second quarter, \$600,000 of agency securities were purchased and \$600,000 matured.

Pershing Portfolio

The County works with five brokers to obtain quotes and bids on investments. The securities are held at Pershing, a subsidiary of Bank of New York Mellon for safekeeping. During the second quarter, \$2,400,000 of agency securities were purchased, \$2,000,000 were called, and \$1,830,000 of municipal debt matured.

RESTRICTED ACCOUNTS OVERVIEW

PFM Advisors has been selected as the County's OPEB investment advisor as of March 2010. The OPEB portfolio will target a long-term investment yield and contain a portfolio mix of equities to core/fixed income investments. The Trust objectives are based on a 15-year investment horizon and will hold up to twelve months of protected liquidity needs for Trust expenses in cash. These will be held exclusively in cash equivalent investments. The remaining assets will be invested in longer-term securities. The portfolio will be managed to always strive to be at or near the Target Asset Weightings. The portfolio will be rebalanced at least quarterly to be at or near Target Asset Weightings.

OPEB REQUIREMENTS AND COMPLIANCE

INVESTMENT ASSETS		
Asset Class	Target	Actual
Equity	30%	32%
Fixed Income	70%	67%
Cash Equivalent	0%	1%

OPEB PORTFOLIO SUMMARY AND PERFORMANCE

Institution	Market Value	Cost	Unrealized Gain/(Loss)
Equity	\$ 5,702,398	\$ 5,524,442	\$ 177,956
Fixed Income	11,818,704	11,641,965	176,739
Cash	178,232	178,232	-
Total Securities	\$ 17,699,334	\$ 17,344,639	\$ 354,695

Portfolio Advisor Quarterly Update: "The second quarter of 2012 moved negative for the first two months and positive in June. When all the dust settled on June 30, all major global equity market indices were negative. After a positive Q1, it would be easy to say that the equity markets simply had a sell-off in Q2. Looking more deeply however, there is evidence of continued concern over EU policies and governance. Additionally economies around the world continue to languish with recessionary or near-recessionary environments in most major markets. There is a great deal of uncertainty in the markets. Most developed countries require fiscal restraint in order to improve their finances. The markets are very concerned about the abilities of politicians to make and implement the difficult decisions required to correct years of out of control spending. Even developing markets are feeling the effects. Emerging markets also fell over the quarter largely on the headline news of China's economic slowdown. In such a difficult equity environment, it is no wonder that fixed income markets continued in solid positive territory. All major bond indices were positive.

The Walworth portfolios were slightly negative over the quarter with performance numbers ranging from -0.02 to -0.07. The blended benchmark was slightly positive at 0.21. For the half year mark, the portfolios continue to reflect very strong performance against the benchmark with approximately 90-100 basis points of outperformance over the past six months, which continues to chip away at full year 2011 underperformance. Since inception performance for all the accounts is approximately 6.5%." *Mary G. Fedorak, PFM Asset Management, Sept. 5, 2012*

RESTRICTED ACCOUNT BUDGET PERFORMANCE SUMMARY

Restricted cash and investments in funds/departments receive interest income based on the LGIP interest rate or actual interest earned based on investments held by fiscal agents.

ACCOUNT NAME	INTEREST EARNED 2012	2nd QTR BUDGET 2012
Land Information Fees	\$ 390	\$ 300
Risk Management	3,719	1,200
Capital Project Bond Proceeds	4,209	-
Clerk of Courts	661	1,750
Waddell Donations	62	27
Harrison Trust	29	-
Total	\$ 9,070	\$ 3,277

WALWORTH COUNTY INVESTMENT REPORT
VALUATION AT COST
As of 06/30/2012

Definitions of each section below:

Investment Yield is the investment revenue divided by the average daily balance to show the quarterly yield and a one year rolling yield.
Investment Revenue shows the interest earned by each investment tool on a quarterly and one year rolling period.
Average Daily Balance shows the average daily cash balance invested for each investment tool on a quarterly and one year rolling period.

Investment Yield (Net of Management Fees)

Time Period	Local Gov Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2011									
3rd Quarter	0.03%	0.16%	0.34%	0.05%	0.08%	0.29%	0.16%	0.04%	0.14%
4th Quarter	0.04%	0.16%	0.31%	0.04%	0.07%	0.30%	0.22%	0.04%	0.20%
2012									
1st Quarter	0.04%	0.16%	0.31%	0.04%	0.06%	0.27%	0.17%	0.04%	0.16%
2nd Quarter	0.04%	0.16%	0.31%	0.04%	0.06%	0.27%	0.20%	0.04%	0.16%
One Year Ending									
2011									
3rd Quarter	0.15%	0.69%	1.40%	0.26%	0.30%	1.37%	0.88%	0.15%	0.78%
4th Quarter	0.14%	0.66%	1.34%	0.24%	0.30%	1.29%	0.84%	0.15%	0.73%
2012									
1st Quarter	0.13%	0.64%	1.27%	0.20%	0.28%	1.19%	0.76%	0.15%	0.67%
2nd Quarter	0.15%	0.64%	1.27%	0.17%	0.27%	1.13%	0.75%	0.15%	0.65%

Investment Revenue (Net of Management Fees/Gross of Market Adjustments)

Time Period	Local Gov Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2011									
3rd Quarter	6,670	16,085	37,075	7,390	13,615	62,756	8,084	1,080	152,755
4th Quarter	1,837	15,939	39,358	2,680	8,080	71,473	11,409	858	151,634
2012									
1st Quarter	4,802	16,238	40,500	3,658	8,694	63,102	8,823	874	146,691
2nd Quarter	2,426	16,410	37,618	5,484	11,640	63,943	10,359	864	148,744
One Year Ending									
2011									
3rd Quarter	19,989	69,423	133,105	36,897	15,410	350,509	44,656	3,698	673,687
4th Quarter	18,999	66,827	137,350	32,456	23,490	322,276	42,751	3,723	647,872
2012									
1st Quarter	18,847	65,149	144,226	24,423	32,184	280,386	38,794	3,611	607,620
2nd Quarter	15,735	64,672	154,551	19,212	42,029	261,274	38,675	3,676	599,824

Average Daily Balance

Time Period	Local Gov Investment Pool	Mid Amer Money Market	CD	Chase Money Market	Associated Bank Money Market	Pershing Portfolio	M&I Portfolio	JP Morgan Chase Banking	Total Investments
2011									
3rd Quarter	24,084,574	10,126,183	10,918,714	14,065,918	18,006,480	21,990,764	5,040,504	2,856,427	107,089,565
4th Quarter	5,222,683	10,152,663	12,698,687	6,908,232	10,812,612	23,790,996	5,103,760	2,238,531	76,928,163
2012									
1st Quarter	13,431,858	10,177,218	12,967,495	9,958,648	13,986,995	23,694,868	5,111,835	2,304,181	91,633,098
2nd Quarter	6,420,533	9,996,042	12,230,991	14,710,648	18,726,690	23,989,771	5,125,406	2,279,446	93,479,526
One Year Ending									
2011									
3rd Quarter	14,596,022	10,100,246	9,532,760	14,124,661	5,146,843	25,568,140	5,057,578	2,426,828	86,553,078
4th Quarter	14,562,474	10,120,194	10,279,783	13,489,681	7,872,213	24,889,881	5,070,529	2,417,196	88,701,951
2012									
1st Quarter	14,961,880	10,141,343	11,404,246	12,035,513	11,328,345	23,566,003	5,083,778	2,377,241	90,898,349
2nd Quarter	12,302,828	10,113,171	12,238,131	11,405,813	15,377,874	23,364,000	5,095,249	2,420,345	92,317,412

Comparison to Benchmark:		
Description	LGIP	Portfolio
Rate of Return - Quarterly	0.04%	0.16%
Rate of Return - Annualized	0.15%	0.65%

Walworth County Investment Report
Portfolio Holdings as of 6/30/2012
Pershing (Custodian for Broker/Dealer Transactions)

Description	Maturity	Quantity	Cost	Market	Unrealized Gain/Loss-BV
Pershing Cash	N/A	-	\$ -	\$ -	\$ -
Pershing MM	N/A	-	-	-	-
Subtotal Cash & Cash Equivalent			\$ -	\$ -	\$ -

FFCB 0.6 8/22/2012	8/22/2012	500,000	500,555	500,300	(255)
FFCB 1.05 3/28/2016	3/28/2016	1,000,000	999,900	1,013,680	13,780
FFCB 1.875 12/7/2012	12/7/2012	1,000,000	1,016,800	1,007,280	(9,520)
FHLB 1 9/13/2013	9/13/2013	1,000,000	998,440	1,008,370	9,930
FHLB 1.125 4/11/2016-13	4/11/2016	1,000,000	1,000,000	1,005,660	5,660
FHLB 1.75 12/14/2012	12/14/2012	1,000,000	1,006,810	1,006,830	20
FHLB 1.75 8/22/2012	8/22/2012	2,000,000	2,028,600	2,004,440	(24,160)
FHLMC 1 3/14/2016-14	3/14/2016	1,000,000	996,500	1,006,950	10,450
FHLMC Step 1/25/2017-13	1/25/2017	500,000	499,375	502,290	2,915
FHLMC Step 12/19/2014-12	12/19/2014	1,000,000	1,000,000	1,001,020	1,020
FNMA 0.75 4/9/2015-13	4/9/2015	1,000,000	1,000,000	1,003,600	3,600
FNMA 1 9/23/2013	9/23/2013	1,000,000	998,514	1,008,330	9,816
FNMA 1.25 8/20/2013	8/20/2013	1,000,000	1,014,700	1,010,550	(4,150)
FNMA 1.5 10/28/2016-13	10/28/2016	1,000,000	1,000,000	1,011,760	11,760
FNMA 1.75 2/22/2013	2/22/2013	2,000,000	2,014,540	2,018,500	3,960
FNMA Step 1/30/2017-13	1/30/2017	500,000	500,000	501,510	1,510
FNMA Step 4/12/2017-13	4/12/2017	400,000	400,000	402,100	2,100
FNMA Step 9/26/2016-12	9/26/2016	500,000	500,000	500,985	985
Subtotal Government Agency Coupon Securities		\$ 17,400,000	\$ 17,474,734	\$ 17,514,155	\$ 39,421

Dane County 0.9 12/1/2012	12/1/2012	1,070,000	1,070,000	1,070,514	514
Madison Wisconsin Taxable Prom Nts 1 10/1/2012	10/1/2012	500,000	500,000	500,225	225
Oshkosh Wisconsin Refunding 1 12/1/2012	12/1/2012	380,000	380,000	380,414	414
Outagamie County 1 9/1/2012	9/1/2012	125,000	125,000	125,119	119
Outagamie County 1.3 9/1/2013	9/1/2013	825,000	825,000	832,879	7,879
Pewaukee Wisconsin 1.65 3/1/2013	3/1/2013	105,000	105,000	105,782	782
Pewaukee Wisconsin 2 3/1/2014	3/1/2014	110,000	110,000	112,441	2,441
Racine County School District 2.55 6/1/2015	6/1/2015	285,000	285,000	298,720	13,720
Waukesha County Tech College 2 4/1/2013	4/1/2013	1,025,000	1,055,145	1,038,079	(17,066)
Waupaca County 2 3/1/2013	3/1/2013	330,000	335,419	333,191	(2,228)
Waupaca County 2 3/1/2014	3/1/2014	930,000	951,009	950,999	(10)
Subtotal Municipal Debt		\$ 5,685,000	\$ 5,741,573	\$ 5,748,363	\$ 6,790

TOTAL PERSHING PORTFOLIO		\$ 23,085,000	\$ 23,216,307	\$ 23,262,518	\$ 46,211
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Diversification:					
Cash & Cash Equivalents	0%	\$ -	\$ -	\$ -	\$ -
Government Agency Securities	75%	17,400,000	17,474,734	17,514,155	39,421
US Treasury Notes	0%	-	-	-	-
Municipal Debt	25%	5,685,000	5,741,573	5,748,363	6,790
Total PERSHING PORTFOLIO	100%	\$ 23,085,000	\$ 23,216,307	\$ 23,262,518	\$ 46,211

Breakout by Agency Type:

FFCB	\$ 2,521,260
FHLB	5,025,300
FHLMC	2,510,260
FNMA	7,457,335
Municipal Debt	5,748,363
Treasury Note	-
Total	\$ 23,262,518

Maturity Schedule (assumes no-call)

0-3 month	\$ 2,629,859
3 - 6 month	3,965,263
6 - 12 month	3,495,552
1 - 2 year	4,923,569
2 - 3 year	2,303,340
3 - 4 year	3,026,290
4 - 5 year	2,918,645
Total	\$ 23,262,518

Portion Callable or Mature within 2 years

Callable	\$ 6,935,875
Maturity	8,078,368

Walworth County Investment Portfolio
Portfolio Holdings as of 6/30/2012
M&I Portfolio

Description	Maturity Date	Quantity	Cost	Market	Unrealized Gain/Loss
M&I Cash	N/A	\$ 2	\$ 2	\$ 2	\$ -
Marshall Government MM	N/A	36,718	36,718	36,718	-
Subtotal Cash & Cash Equivalent		\$ 36,720	\$ 36,720	\$ 36,720	\$ -

FHLB 1.375 12/11/2015	12/11/2015	150,000	153,774	154,032	258
FHLB 1.375 5/28/2014	5/28/2014	100,000	102,441	102,071	(370)
FHLB 1.625 3/20/2013	3/20/2013	175,000	178,124	176,741	(1,383)
FHLB 1.625 9/28/2015	9/28/2015	150,000	153,951	155,049	1,098
FHLB 1.63 8/20/2015	8/20/2015	200,000	205,892	207,062	1,170
FHLB 2.125 6/10/2016	6/10/2016	100,000	104,263	105,269	1,006
FHLB 2.5 6/13/2014	6/13/2014	80,000	83,703	83,304	(399)
FHLMC 1 3/8/2017	3/8/2017	150,000	149,599	150,812	1,213
FHLMC 1 8/27/2014	8/27/2014	150,000	152,241	152,038	(203)
FHLMC 1.75 9/10/2015	9/10/2015	150,000	155,229	155,727	498
FHLMC 2 8/25/2016	8/25/2016	150,000	155,282	157,614	2,332
FHLMC 2.875 2/9/2015	2/9/2015	125,000	129,477	132,790	3,313
FNMA 0.375 12/28/2012	12/28/2012	110,000	109,574	110,141	567
FNMA 1 9/23/2013	9/23/2013	100,000	100,772	100,833	61
FNMA 1.125 10/8/2013	10/8/2013	150,000	152,106	151,605	(501)
FNMA 1.125 6/27/2014	6/27/2014	85,000	85,283	86,329	1,046
FNMA 1.25 1/30/2017	1/30/2017	300,000	299,881	305,067	5,186
FNMA 1.25 9/28/2016	9/28/2016	150,000	152,718	152,776	58
FNMA 1.25 9/28/2016	9/28/2016	100,000	100,064	101,851	1,787
FNMA 1.35 2/24/2014	2/24/2014	65,000	65,358	66,097	739
FNMA 1.375 11/15/2016	11/15/2016	150,000	152,354	153,689	1,335
FNMA 1.375 11/15/2016	11/15/2016	150,000	152,818	153,689	871
FNMA 1.5 10/28/2015	10/28/2015	100,000	102,133	102,687	554
FNMA 1.5 9/8/2014-12	9/8/2014	175,000	179,207	178,657	(550)
Subtotal Government Agency Coupon Securities		\$ 3,315,000	\$ 3,376,244	\$ 3,395,930	\$ 19,686

T-Note 0.625 4/30/2013	4/30/2013	100,000	100,360	100,340	(20)
T-Note 0.75 12/15/2013	12/15/2013	150,000	148,407	150,990	2,583
T-Note 0.75 6/15/2014	6/15/2014	150,000	150,006	151,266	1,260
T-Note 0.75 9/15/2013	9/15/2013	25,000	24,923	25,146	223
T-Note 0.75 9/15/2013	9/15/2013	100,000	100,024	100,582	558
T-Note 1.125 12/15/2012	12/15/2012	150,000	151,172	150,663	(509)
T-Note 1.25 10/31/2015	10/31/2015	75,000	72,487	76,881	4,394
T-Note 1.25 10/31/2015	10/31/2015	50,000	48,381	51,254	2,873
T-Note 1.25 4/15/2014	4/15/2014	150,000	152,297	152,474	177
T-Note 1.375 3/15/2013	3/15/2013	150,000	151,682	151,260	(422)
T-Note 1.375 5/15/2013	5/15/2013	100,000	101,754	101,000	(754)
T-Note 1.5 6/30/2016	6/30/2016	150,000	148,313	155,415	7,102
T-Note 1.75 1/31/2014	1/31/2014	75,000	75,932	76,708	776
T-Note 1.75 7/31/2015	7/31/2015	40,000	39,995	41,591	1,596
T-Note 1.75 7/31/2015	7/31/2015	60,000	61,538	62,386	848
T-Note 1.75 7/31/2015	7/31/2015	50,000	49,522	51,988	2,466
T-Note 2.375 9/30/2014	9/30/2014	50,000	51,691	52,289	598
T-Note 2.375 9/30/2014	9/30/2014	100,000	103,035	104,579	1,544
Subtotal US Treasury Notes		\$ 1,725,000	\$ 1,731,519	\$ 1,756,812	\$ 25,293

TOTAL M&I WEALTH MANAGEMENT PORTFOLIO	\$ 5,076,720	\$ 5,144,483	\$ 5,189,462	\$ 44,979
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Diversification:

Cash & Cash Equivalents	1%	36,720	36,720	36,720	-
Government Agency Securities	65%	3,315,000	3,376,244	3,395,930	19,686
US Treasury Notes	34%	1,725,000	1,731,519	1,756,812	25,293
Municipal Debt	0%	-	-	-	-
Total M&I PORTFOLIO	100%	5,076,720	\$ 5,144,483	\$ 5,189,462	\$ 44,979

Breakout by Agency Type:

FHLB	\$ 983,528
FHLMC	748,981
FNMA	1,663,421
Treasury Note	1,756,812
\$ 5,152,742	

Maturity Schedule (assumes no-call)

0-3 month	\$ 36,720
3 - 6 month	150,663
6 - 12 month	639,481
1 - 2 year	1,247,404
2 - 3 year	620,355
3 - 4 year	1,319,342
4 - 5 year	1,175,497
\$ 5,189,462	

Portion Callable or Mature within 2 years

Callable	\$ 178,658
Maturity	2,074,268
\$ 2,252,926	